

AMENDED IN SENATE APRIL 21, 2005

AMENDED IN SENATE MARCH 29, 2005

SENATE BILL

No. 418

Introduced by Senator Escutia

February 17, 2005

An act to amend Sections ~~19461 and 19469 of, and 19460, 19461, 19462 and 19469 of~~, to add Section 19471 to, *and to repeal Chapter 10 (commencing with Section 19850) of Part 2 of Division 10 of*, the Welfare and Institutions Code, relating to rehabilitation services, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 418, as amended, Escutia. Rehabilitation loans.

Existing law creates the Rehabilitation Revolving Loan Guarantee Fund, administered by the Department of Rehabilitation, which is appropriated without regard to fiscal years for the purpose of guaranteeing loans to persons for the purchase of vans, automobiles, and other special equipment to facilitate transportation of the physically handicapped and to assist private employers and employees and other persons with disabilities to purchase adaptive aids and assistive devices.

Under existing law, one of the categories of persons eligible to receive loans under this fund is persons with disabilities who require a modified vehicle for mobility and who are ineligible for vocational rehabilitation services or who are eligible for vocational rehabilitation services but have been placed on the department's order of selection waiting list, subject to the requirement that the person be employed and require a vehicle to maintain that employment.

This bill would delete these vocational rehabilitation and employment requirements for eligibility under the fund. ~~It would also~~

~~expand the categories of persons who would be eligible to receive loans under the fund to include parents of a child with, or persons with, a disability who require an assistive technology device that is necessary for independent living. By eliminating these conditions of eligibility, and thus expanding the eligibility for persons who may receive loans, and expanding the categories of persons eligible to receive loans under this continuously appropriated fund, the bill would make an appropriation.~~

~~This bill would also define the term assistive devices for purposes of these provisions.~~

Existing law establishes a supported employment loan guarantee program to assist employers and employees with disabilities to purchase durable equipment, adaptive aids, and assistive devices in order to engage in supported employment. Existing law also creates within the Rehabilitation Revolving Loan Guarantee Fund a Supported Employment Revolving Loan Guarantee Account from which the department makes these loan guarantees.

This bill would eliminate this account and instead would make loans available directly from the fund to parents of a child with, or persons with, a disability who require an assistive technology device, as defined, that is necessary for independent living. It would also make various technical and conforming changes.

Existing law prohibits any loan exceeding \$35,000 from being made to any eligible persons under the above provisions.

This bill would instead require that loans made to any eligible person be based on the person's ability to repay the loan.

Existing federal law provides for the award of grants to states to pay for the federal share of the cost of the establishment and administration of, or the expansion and administration of, an alternative financing program featuring one or more alternative financing mechanisms to allow individuals with disabilities and their family members, guardians, advocates, and authorized representatives to purchase assistive technology devices and assistive technology services. State eligibility for participation in this program is based on the state's previous award of continuity grants for technology-related assistance and other requirements including that the state enter into a contract with a community-based organization that has individuals with disabilities involved in organizational decision making at all organizational levels for purposes of administering the federal alternative financing program.

This bill would require the department to enter into such a contract for purposes of receiving a federal grant award under this program.

This bill would also require that *any* federal funds ~~and any moneys appropriated by the Legislature for purposes of this program be deposited in a special account in the State Treasury that, upon appropriation, shall be allocated by the department to the contractor received be deposited in the Rehabilitation Revolving Loan Guarantee Fund, thereby making an appropriation.~~

Vote: majority. Appropriation: yes. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 19460 of the Welfare and Institutions
2 Code is amended to read:

3 19460. There is in the State Treasury a permanent revolving
4 fund to be known as the Rehabilitation Revolving Loan
5 Guarantee Fund, and to be administered by the department. ~~There~~
6 ~~is within the Rehabilitation Revolving Loan Guarantee Fund the~~
7 ~~Supported Employment and Adaptive Technology Revolving~~
8 ~~Loan Guarantee Account.~~ The money deposited in the fund is
9 hereby appropriated, without regard to fiscal years, for the
10 purposes of this article ~~and Chapter 10 (commencing with~~
11 ~~Section 19850).~~ The fund shall be used to guarantee loans made
12 by eligible lenders to eligible persons for the purchase of vans,
13 automobiles, and other special equipment to facilitate
14 transportation of the physically handicapped, and to assist private
15 employers and employees, and other persons regardless of age,
16 with disabilities to purchase durable equipment, adaptive aids,
17 and assistive devices in order to live more independently or to
18 engage in employment, including, but not limited to, supported
19 employment as defined and determined by the department.

20 ~~SECTION 1.~~

21 SEC. 2. Section 19461 of the Welfare and Institutions Code is
22 amended to read:

23 19461. As used in this article, the following definitions apply:

24 (a) “Department” means the Department of Rehabilitation.

25 (b) “Eligible persons” means any of the following, provided
26 that household income does not exceed the level prescribed for
27 moderate-income families by the Department of Housing and

1 Community Development pursuant to Section 50093 of the
2 Health and Safety Code:

3 (1) Parents of a child with a disability who has been certified
4 by a physician or the department as having a disability, who is
5 living in the home, and who requires a modified vehicle for
6 mobility.

7 (2) A person with a disability who has been certified by a
8 physician or the department as having a disability, *and* who
9 requires a modified vehicle for mobility, ~~and who has been found~~
10 ~~to be ineligible for vocational rehabilitation.~~

11 (3) Parents of a child with a disability who has been certified
12 by a physician or the department as having a disability, who is
13 living in the home, and who requires an assistive technology
14 device, including evaluation and training in the use of that
15 device, which is necessary for independent living.

16 (4) A person with a disability who has been certified by a
17 physician or the department as having a disability, and who
18 requires an assistive technology device, including evaluation and
19 training in the use of that device, which is necessary for
20 independent living.

21 (c) “Eligible lender” means a financial institution organized,
22 chartered, or holding a license or authorization certificate under a
23 law of this state or the United States to make loans or extend
24 credit and subject to supervision by an official or agency of this
25 state or the United States.

26 (d) “Assistive technology device” includes, but is not limited
27 to, wheelchairs, hearing aids, speech output devices, visual aids,
28 and modified computers.

29 *SEC. 3. Section 19462 of the Welfare and Institutions Code is*
30 *amended to read:*

31 19462. The department shall serve as a state loan guarantee
32 agency to guarantee loans and to administer a guaranteed loan
33 program established pursuant to this article. The department shall
34 guarantee any loan made pursuant to this article at 100 percent of
35 the total amount of principal and interest of the loan in default.
36 The department shall establish the ratio of reserve funds to loans
37 outstanding. The effective interest rate to the borrower shall be a
38 percent per annum, which is less than the fair market interest rate
39 at the time the loan guarantee request is considered by the
40 department, and which is based upon the ability of the borrower

to pay, as determined by the department. When an application for a loan guarantee is approved by the department, the differential interest between the percent per annum approved by the department and the rate charged by the participating lender shall be prepaid by the department to the participating lender out of the ~~Supported Employment and Adaptive Technology Revolving Loan Guarantee Account~~ *Rehabilitation Revolving Loan Guarantee Fund*. If the borrower defaults on any loan guaranteed by this program, the participating lender shall reimburse the department for any interest not accrued, after deduction for any unavoidable loss suffered by the lender.

~~SEC. 2.~~

SEC. 4. Section 19469 of the Welfare and Institutions Code is amended to read:

19469. Loans made to any eligible person under this article shall be based on the person's ability to repay the loan.

~~SEC. 3.~~

SEC. 5. Section 19471 is added to the Welfare and Institutions Code, to read:

19471. (a) In order to receive a federal grant award under the federal alternative financing program established pursuant to Subchapter III (commencing with Section 3051) of Chapter 31 of Title 29 of the United States Code, the Department of Rehabilitation shall contract with a community-based, nonprofit organization that has individuals with disabilities involved in the organization decisionmaking at all organizational levels, to administer the alternative financing program.

(b) ~~Moneys received from the Federal Trust Fund for purposes of this program and any matching funds appropriated by the Legislature to the Department of Rehabilitation shall be deposited in a special account in the State Treasury and shall, upon appropriation, be allocated by the department to the contractor for purposes of funding the contract entered into pursuant to this section.~~ *of this program shall be deposited in the Rehabilitation Revolving Loan Guarantee Fund established pursuant to Section 19460.*

SEC. 6. Chapter 10 (commencing with Section 19850) of Part 2 of Division 10 of the Welfare and Institutions Code is repealed.

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